

OF EXTENSION SCENARIO BASED ON 22 MONTHS RALEIGH EXPERIENCE

 Assumes all Raleigh-RX effects experienced in Yr 1 --1992

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Parent Under Base (Trend) Scenario:

Assumptions:

Net Outswitching 8.0%
 Net Quitting 3.0%

	1991	1992	1993	1994	1995	1996	91-96
Beginning Balance	10,000.0	8,900.0	7,921.0	7,049.7	6,274.2		
Net Outswitching	(800.0)	(712.0)	(633.7)	(564.0)	(501.9)		
Net Quitting	(300.0)	(267.0)	(237.6)	(211.5)	(188.2)		
Base Scenario Volume	10,000.0	8,900.0	7,921.0	7,049.7	6,274.2	5,584.1	-11.0%

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Parent Under PVX Scenario:

Assumptions:

Incremental Losses 25.0%

Net Quitting 3.0%

	1991	1992	1993	1994	1995	1996	91-96
Begininning Balance	10,000.0	6,499.0	4,223.7	2,745.0	1,784.0		
Trend Net Outswitch	8.0%	(800.0)	(519.9)	(337.9)	(219.6)	(142.7)	
Incremental Losses	25.0%	(2,500.0)	(1,624.8)	(1,055.9)	(686.2)	(446.0)	
Net Quitting	3.0%	(201.0)	(130.6)	(84.9)	(55.2)	(35.9)	
New Parent	10,000.0	6,499.0	4,223.7	2,745.0	1,784.0	1,159.4	-35.0%
% Below Base Trend	0.0%	-27.0%	-46.7%	-61.1%	-71.6%	-79.2%	

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PVX Under PVX Scenario:

Assumptions:

Total Cannibalization (% of PVX)	20.0%
Trend Cannibalization (% of Trend Losses)	10.0%
1st Yr Reclaimed Volume (% of PVX)	15.0%
N Yr Reclaimed Volume (% of N-1 O/S)	20.0%
New Smokers To Franchise After 1992-Fair Share Category Growth	
PV Category in 1996	44.0%
Net Quitting	3.0%

	1992	1993	1994	1995	1996	91-96
Beginning Balance	0.0	12,708.5	15,814.3	18,146.2	19,944.6	
Cannibalization:						
Incremental Canab	2,500.0	1,624.8	1,055.9	686.2	446.0	
Trend Canab	80.0	52.0	33.8	22.0	14.3	
Total Cannibalization	2,580.0	1,676.7	1,089.7	708.2	460.3	
Reclaimed Volume	1,935.0	160.0	104.0	67.6	43.9	
New To Franchise Net of Outswitching:						
From Full Margin	5,450.3	1,705.4	1,655.4	1,602.7	1,547.3	
From Other PV	2,934.8	0.0	0.0	0.0	0.0	
Total New To Franchise	8,385.0	1,705.4	1,655.4	1,602.7	1,547.3	
Net Quitters	(193.5)	(434.3)	(517.2)	(580.1)	(629.1)	
Total PVX Volume	12,708.5	15,814.3	18,146.2	19,944.6	21,367.0	
Y/Y	NA	24.5%	14.7%	9.9%	7.1%	

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Summary

	1991	1992	1993	1994	1995	1996	91-96
Base Scenario Volume	10,000.0	8,900.0	7,921.0	7,049.7	6,274.2	5,584.1	-11.0%
Y/Y		-11.0%	-11.0%	-11.0%	-11.0%	-11.0%	
PVX Scenario:							
PVX Volume	0.0	12,706.5	15,814.3	18,146.2	19,944.6	21,367.0	
Y/Y		NA	24.5%	14.7%	9.9%	7.1%	
New Parent Volume	10,000.0	6,499.0	4,223.7	2,745.0	1,784.0	1,159.4	-35.0%
Y/Y		-35.0%	-35.0%	-35.0%	-35.0%	-35.0%	
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Total Trademark	10,000.0	19,205.5	20,038.0	20,891.2	21,728.6	22,526.4	17.6%
Y/Y		92.1%	4.3%	4.3%	4.0%	3.7%	
Vol Gain vs Base Scenario	10,305.5	12,117.0	13,841.5	15,454.4	16,942.3		
Vol Gain % of Base Scenario	115.8%	153.0%	196.3%	246.3%	303.4%		

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